

2014

**SCHEDULE OF VALUES,
STANDARDS AND RULES**



RANDOLPH COUNTY TAX DEPARTMENT

**725 MCDOWELL ROAD
ASHEBORO, NORTH CAROLINA 27205**

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Introduction

By North Carolina law (G.S. 105-286) all counties must conduct a reappraisal of all real property at least every eight years. However, counties can decide to advance a reappraisal of real property if the board of county commissioners adopts a resolution providing for advancement of the reappraisal. In February 2004 the Randolph County Board of County Commissioners adopted a six (6) year reappraisal cycle. The 2013 reappraisal was postponed until 2014 due to data migration and software conversion issues. Randolph County's last reappraisal occurred in 2007. The reappraisal is conducted by the Randolph County Tax Department Staff.

The primary goal of reappraisal is uniformity and fairness. The process of a reappraisal is not to increase revenues or to provide tax breaks, but to fairly, equally and uniformly appraise real property at its true value in money. True value in money is the price estimated in terms of money at which the property would change hands between a willing and financially able buyer and a willing seller, neither being under any compulsion to buy or sell and having reasonable knowledge of all the uses to which the property is adapted and for which it is capable of being used (NC G.S. 105-283). When this knowledgeable, willing buyer and seller agree on a price and a transaction in money occurs, market value is established. This is commonly known as an arm's length transaction.

Much has changed in the real estate market since the last reappraisal effective as of 1 January 2007. While calendar year 2007 was continuing to reflect an appreciating trend that had characterized much of calendar years 2004, 2005 and 2006, calendar year 2008 witnessed the start of the downturn in the local real estate market. Much of the United States (California, Florida and Michigan in particular), had already witnessed a reversal of the positive growth long before it could be observed in Randolph County.

Data from reports specific for Randolph County Multiple Listing Service (MLS), permit data from the Randolph County Permit & Inspections Department, unemployment figures, foreclosure and bankruptcies, have all converged to indicate the market is still suffering. National reports on one day that alternately indicate recovery is just around the corner are contradicted by similar reports indicating recovery is still some distance away. What matters most is what is local and unfortunately neither the front-end data (building starts, remodeling, unemployment, etc.), nor the back-end data (arm's-length sales, property listings and lease information), present a slow turnaround in the real estate market in the near future.

The last protracted disruption to the real estate market occurred 1980-1982. It was characterized by high-interest mortgage rates, creative financing involving seller seconds and balloon mortgages. In spite of those often confusing obstacles, there were strong indications in the market as to what properties were worth.

This market is different. Since the last reappraisal (effective as of 1 January 2007), most market indicators have seemingly reversed themselves 180 degrees. Interest rates are at their lowest point since the 1950's (USA Today; 30-year Fixed-Rate Mortgage as low as 3.57%), but lending institutions have made qualifying for a home mortgage loan more difficult than anyone can recall. In addition, banks have a huge inventory of homes on which they have foreclosed under questionable standards and despite a business model supposedly focused on lending money to buy homes, they are not making those funds available to potential buyers. All across the country and in Randolph County as well, foreclosed properties and offerings for short sales are competing with listings by property owners who are simply wishing or needing to sell without having to forego the equity they have seen appreciate since their original purchase.

Household incomes are stressed. Underemployment, though not as well-reported, is as common a topic at the water cooler as unemployment. Building permits are at their lowest point in many years. In fact, there are a number of homes started but not completed for want of a buyer. Without sales of existing homes to draw down the inventory of available listings, no one is willing to gamble as they once did on the economic viability of spec homes. If builders are not building, there is a long list of employees, businesses and professions that suffer as well; household incomes become more stressed.

Median sales prices since 1 January 2007 have decreased. Calendar year 2007 was a good year in real estate. The number of deed transactions was only down 3.9% from 2006 and MLS median sales price remained stable at \$126,000. Residential remodeling permits rose by 107 or 19.9%, from 538 in 2006 to 645 in 2007.

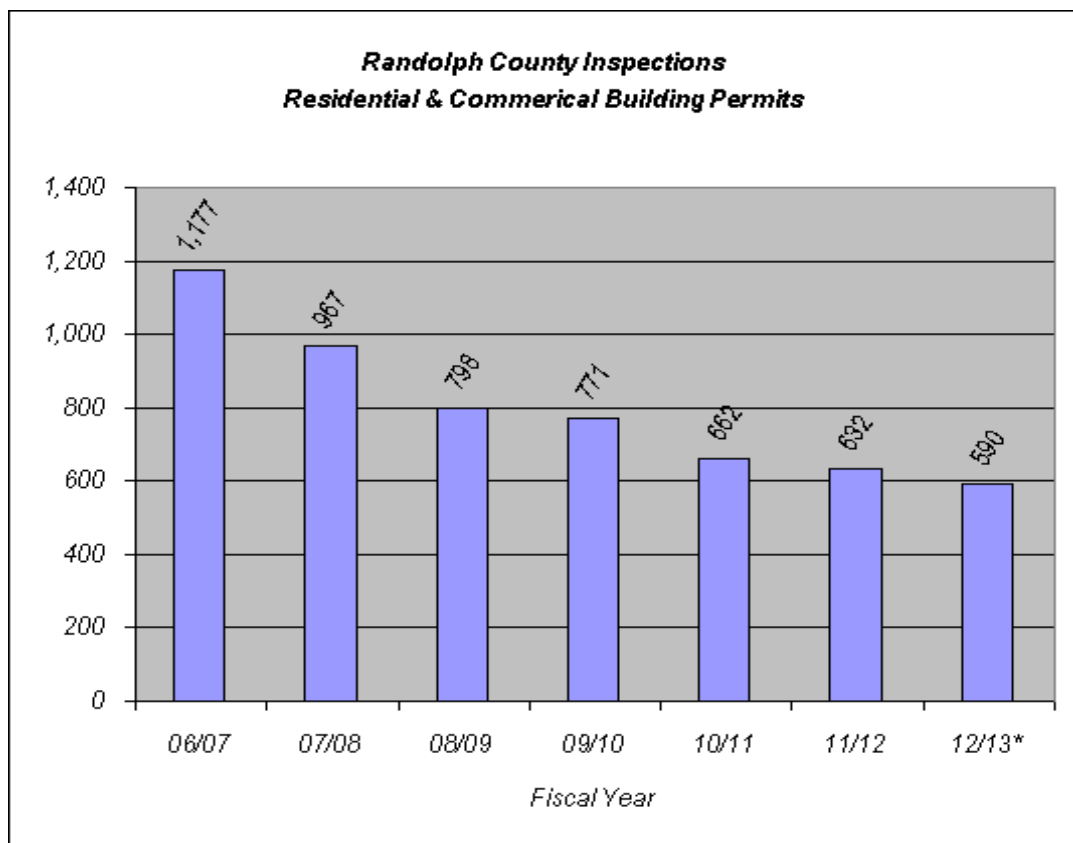
Yes, 2007 seemed on most fronts to be a good year but 2008 and the years following were different. Consider the following:

Randolph County Inspections**
Residential & Commercial Building Permits
July 1 - June 30

| | 06/07 | 07/08 | 08/09 | 09/10 | 10/11 | 11/12 | 12/13* |
|---------------------|-------|-------|-------|-------|-------|-------|--------|
| Site Built Home | 418 | 329 | 213 | 189 | 172 | 137 | 318 |
| Modular Home | 67 | 52 | 43 | 56 | 27 | 28 | 25 |
| Res. Addition | 161 | 145 | 116 | 106 | 110 | 127 | |
| Res. Accessory Bldg | 204 | 163 | 142 | 140 | 119 | 126 | 152 |
| Res. Remodel | 92 | 105 | 119 | 132 | 110 | 86 | |
| Res. Townhome | 40 | 10 | 13 | 4 | 8 | 6 | |
| Commercial | 195 | 163 | 152 | 144 | 116 | 122 | 95 |
| Total | 1,177 | 967 | 798 | 771 | 662 | 632 | 590 |

*New Central Permitting Software was purchased during this year, therefore site built, additions, remodeling and townhomes are all combined.

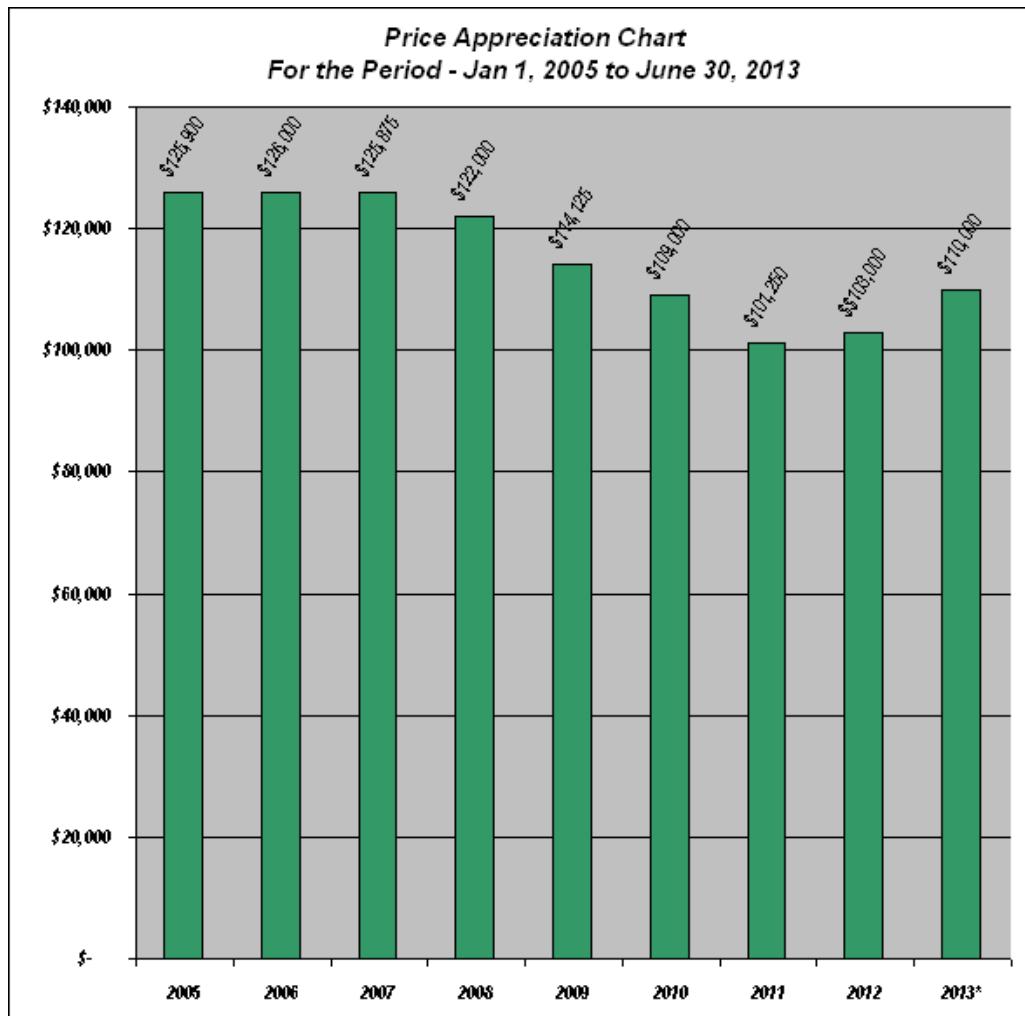
**These totals are for only County permits. They do not include the City of Asheboro.



| Calendar Year | Median** Sales Price | # of** Sales | Days on ** Market |
|------------------|-------------------------|-----------------|----------------------|
| 2005 | \$ 125,900 | 989 | 77 |
| 2006 | \$ 126,000 | 1085 | 75 |
| 2007 | \$ 125,875 | 1066 | 73 |
| 2008 | \$ 122,000 | 817 | 77 |
| 2009 | \$ 114,125 | 796 | 77 |
| 2010 | \$ 109,000 | 816 | 83 |
| 2011 | \$ 101,250 | 712 | 96 |
| 2012 | \$ 102,850 | 842 | 75 |
| 2013* | \$ 110,000 | 518 | 75 |

* Data reported for calendar year 2013 is year-to-date through June 2013

** Data source MLS



These are the general market conditions, locally, in which the County undertakes a general reappraisal effective as of 1 January 2014. As evidenced by the chart above, most properties are selling for less in 2014 than they did in 2006 or 2007, they are on the market longer before selling and most importantly, fewer sales are occurring and many of the properties whose deeds are being recorded show evidence of foreclosure and short sales which do not conform to the statutory requirements in determining market value.

Reappraisals are dependent on data and the expertise to analyze and interpret that data. For this reason, previous practices have been expanded to allow for a broader observation of the current market. Randolph County subscribes to the Asheboro/Randolph Board of Realtors and Triad Multiple Listing Service (hereinafter MLS). From the MLS Sold Report data we are able to compile various reports allowing us to examine the sales transactions in a variety of ways; by location, price point, etc.,. By a similar measure we have expanded our use of the Assessment/Sales Ratio Reports conducted under the general guidelines and auspices of the North Carolina Department of Revenue's Property Tax Division. From a randomly-selected base of arm's length sales, a comparison is made between the actual sales price of a series of property transactions and their respective assessed values.

While the 2014 reappraisal poses certain obvious challenges, it is worthwhile to note that the citizens and property owners of Randolph County are also facing challenging times. In many instances, while their personal property has continued to be assessed at or near 100% of its market value, their real property may have declined in value since the last general reappraisal of real property (effective as of 1 January 2007).

Reappraisals measure change. As we approach 2014, much of the change we are observing is reflective of a declining market. Homes are on the market for a longer period of time before they sell. Some properties are pulled from the market due to a failure to attract a buyer. We will continue to monitor the market through the end of the 2013 calendar year.

All appraisals are under the jurisdiction of the Uniform Standards of Professional Appraisal Practice (USPAP), the relevant portions of which have been included in the Addendum and by which reference are hereby made a part of this proposed set of Schedules, Standards and Rules.

The Randolph County reappraisal will be effective as of 1 January 2014. Due to the current nature of the market, we will continue to collect market data through 31 December 2013. By ruling of the North Carolina Appellate Courts, sales occurring after 1 January 2014 are not to be considered for valuations established on 1 January 2014. The schedules presented herein will allow for us to continue examining the market with the latest available activity occurring in calendar year 2013 and by so doing, permit us to be as accurate and up-to-date as the data will allow.

Respectfully submitted,

Debra P Hill
Tax Administrator